

# Future Smog Check Possibilities

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# New Developments

- Annual Testing for Older Model Year Vehicles
- OBD Only Testing
- The BAR 2010

# What Does Smog Check Cost?

Testing	\$450,044,289
Certificates	\$75,912,198
Repairs	\$247,580,926*
Station & Technician Fees	\$1,002,731
Consumer Assistance	\$69,829,594
<b>Total Costs</b>	<b>\$844,380,094</b>

\* But May Be As Low As \$67,612,039

# What Are The Costs in Other States?

\* Sierra Research – What Do Consumers Pay (2005)?

Highest Anchorage - \$70.00

Second California - \$57.25

Third Philadelphia - \$53.15

IMRC Survey – What Do Programs Really Cost?  
Subsidies?

How Do We Adjust for Cost of Living Differences?

# Adjusted Differences

(in "California Dollars")

Highest Anchorage - \$84.73

Second New Jersey Decentralized - \$82.84

Third California - \$64.84 w/CAP (\$57.16 without CAP)

Fourth Philadelphia - \$58.36

# What Influences Costs?

- Centralized Programs Average \$24.50
  - Decentralized are \$43.95, 79% More Expensive.
- OBD Only Tests
  - Upstate New York Does OBD Only, Charges a State-Mandated Fee of \$11; of this Amount the Stations Keep \$7.
  - In "California Dollars", this \$7 Equals \$10.24.

# What Influences Costs?

- State Controls On Costs
  - Does the “Free Market” Limit Prices?
    - The Fresno Experience and the Philadelphia Story
- Equipment Differences and State Subsidies to Stations Do Not Make an Obvious Difference

# The OBD Issue

Year	% of Tests w/OBD	Cost Savings*
2007	61%	\$217 Million
2010	72%	\$250 Million
2015	94%	\$326 Million
2020	98%	\$340 Million

- \* At the New York adjusted rate of \$10.24
- The Problem: How Do We Maintain Tailpipe Testing Capability

# Price Controls

- Fairness – The State Must Determine its OBD and Other Policies Before BAR 2010s Go On Sale
- Does Everyone Have to Buy Tailpipe Testing Equipment? Is This Needed in Change-of-Ownership Areas?
- How Do Tailpipe-Capable Stations Compete in Price with OBD Only? In 2020, a \$300/month Analyzer Contract Would Come to \$133 Per Test
- Should California Contract With Selected Stations to do Tailpipe Testing? Should it Set Prices in These Contracts, Offer Subsidies, or Even Buy the Equipment and Lease it to Stations?

# SUMMARY

- California Should Make Fundamental Program Decisions Before BAR 2010s Are Marketed
- If California Selects OBD Only, It Will Need to Maintain Tailpipe Testing Capability for a Long Time. This May Require a New Type of Network, Actively Managed in the Interest of Controlling Costs and Providing Convenient Access.